

NASD
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20050000700-01

**TO: Department of Market Regulation
NASD**

**RE: J.P. Turner Company, LLC, Respondent
Broker-Dealer
CRD No. 43177**

Pursuant to Rule 9216 of NASD Code of Procedure, J.P. Turner Company, LLC ("JPTC" or "firm") submits this Letter of Acceptance, Waiver and Consent ("AWC") for the purpose of proposing a settlement of the alleged rule violations described in Part II below. This AWC is submitted on the condition that, if accepted, NASD will not bring any future actions against the firm alleging violations based on the same factual findings.

The firm understands that:

1. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by NASD's Market Regulation Department and National Adjudicatory Council ("NAC") Review Subcommittee or Office of Disciplinary Affairs ("ODA"), pursuant to NASD Rule 9216;
2. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against the firm; and
3. If accepted:
 - a. this AWC will become part of the firm's permanent disciplinary record and may be considered in any future actions brought by NASD or any other regulator against the firm;
 - b. this AWC will be made available through NASD's public disclosure program in response to public inquiries about the firm's disciplinary record;
 - c. NASD may make a public announcement concerning this agreement and the subject matter thereof in accordance with NASD Rule 8310 and IM-8310-2; and

- d. the firm may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any allegation in this AWC or create the impression that the AWC is without factual basis. Nothing in this provision affects the firm's testimonial obligations or right to take legal or factual positions in litigation or other legal proceedings in which NASD is not a party.

The firm also understands that its experience in the securities industry and disciplinary history may be factors that will be considered in deciding whether to accept this AWC. That experience and history are as follows:

JPTC has been an NASD member since July 21, 1997 and its registration remains in effect. JPTC has no relevant disciplinary history.

I.

WAIVER OF PROCEDURAL RIGHTS

The firm specifically and voluntarily waives the following rights granted under NASD's Code of Procedure:

- A. To have a Formal Complaint issued specifying the allegations against it;
- B. To be notified of the Formal Complaint and have the opportunity to answer the allegations in writing;
- C. To defend against the allegations in a disciplinary hearing before a hearing panel, to have a written record of the hearing made and to have a written decision issued; and
- D. To appeal any such decision to the NAC and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, the firm specifically and voluntarily waives any right to claim bias or prejudgment of the General Counsel, the NAC, or any member of the NAC, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including acceptance or rejection of this AWC.

The firm further specifically and voluntarily waives any right to claim that a person violated the ex parte prohibitions of Rule 9143 or the separation of functions prohibitions of Rule 9144, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

II.

ACCEPTANCE AND CONSENT

This matter arose out of a review, 20050000700 (formerly, MRD200446009) conducted by the staff of NASD's Department of Market Regulation (the "staff") of the firm's compliance with the best execution rule, NASD Conduct Rule 2320, during the period January 1 to March 31, 2004.

- A. The firm hereby accepts and consents, without admitting or denying the allegations or findings, and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of NASD, or to which NASD is a party, prior to a hearing and without an adjudication of any issue of law or fact, to the entry of the following findings by NASD:
1. In 28 transactions for or with a customer, JPTC failed to use reasonable diligence to ascertain the best inter-dealer market and failed to buy or sell in such market so that the resultant price to its customer was as favorable as possible under prevailing market conditions, as reflected on Exhibit A, which is attached hereto.
 2. The conduct described in paragraph one, above, constitutes separate and distinct violations of NASD Rules 2110 and 2320.
 3. In 16 instances JPTC failed to execute orders fully and promptly.
 4. The conduct described in paragraph three constitutes separate and distant violations of NASD Conduct Rules 2110 and 2320.

- B. The firm also consents to the imposition, at a maximum, of the following sanction:**

A censure and a fine of \$20,000. JPTC has provided restitution to the customers involved in the trades identified in Exhibit A.

The sanction imposed herein shall be effective on a date set by NASD staff.

III.

OTHER MATTERS

- A. The firm understands that it may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. The firm understands that it may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. This Statement does not constitute factual or legal findings by NASD, nor does it reflect the views of NASD or its staff.**
- B. The firm agrees to pay any monetary sanctions imposed on it upon notice that this AWC has been accepted and that such payments are due and payable and has attached an Election of Payment form showing the method by which it proposes to pay any fine imposed.**
- C. The firm specifically and voluntarily waives any right to claim that it is unable to pay, now or at any time hereafter, any monetary sanction imposed in this matter**

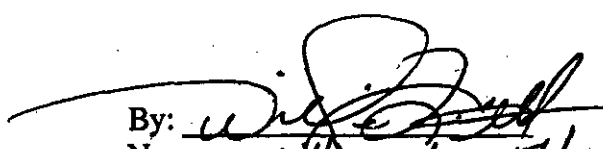
The firm certifies that it has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it, and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein, has been made to induce the firm to submit it.

Date

10/3/05

Respondent

J.P. Turner Company, LLC

By: 

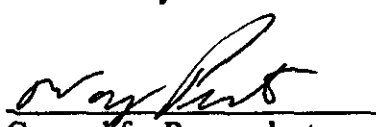
Name:

William L. Mello

Title:

President

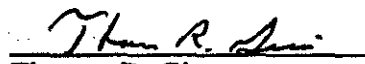
Reviewed by:


Counsel for Respondent

Accepted by NASD:

Date

11/14/05


Thomas R. Gira

Executive Vice President & Deputy
Department of Market Regulation

Signed on behalf of the Director of
ODA, by delegated authority

Order Information								Trade Information												
Item	Trade Date	Issue	Order to Buy/Sell	Quantity	Time Received	Inside Bid at Receipt	Inside Ask at Receipt	Order ID	MPID	Capacity	Trade to B/S/X	Executed Quantity	Execution Price	Report Time	Execution Time	Inside Bid at Execution	Inside Ask at Execution	CONTRA Firm	MP ESQ	Restitution Amount
1	1/6/2004	CNXT	S	1000	15:04:37	5.51	5.52		JPTC	P	B	1000	5.51	15:07:14	15:07:14	5.51	5.52		AHJ7637	\$0.00
2	1/6/2004	RPM	B	1000	9:24:16	10.78	10.8		JPTC	R	S	1000	10.9	9:33:47	9:33:47	10.88	10.9		AHJ1453	\$100.00
3	1/6/2004	TXCC	S	650	9:04:00	3.14	3.16		JPTC	P	B	650	3.12	9:32:34	9:32:34	3.11	3.13		AHJ910	\$0.00
4a	1/6/2004	TXCC	S	1000	9:02:25	3.14	3.16		JPTC	P	B	425	3.14	9:32:57	9:32:50	3.11	3.15		AHJ845	\$0.00
4b	1/6/2004	TXCC	S	1000	9:02:25	3.14	3.16		JPTC	P	B	575	3.12	9:32:57	9:32:57	3.12	3.15		AHJ885	\$0.00
5a	1/6/2004	TXCC	S	860	9:06:00	3.14	3.16		JPTC	R	B	400	3.11	9:33:20	9:33:19	3.11	3.12		AHJ952	\$0.00
5b	1/6/2004	TXCC	S	860	9:06:00	3.14	3.16		JPTC	R	B	300	3.11	9:33:20	9:33:20	3.11	3.12		AHJ952	\$0.00
5c	1/6/2004	TXCC	S	860	9:06:00	3.14	3.16		JPTC	R	B	160	3.11	9:33:20	9:33:20	3.11	3.12		AHJ952	\$0.00
6a	1/6/2004	VRSN	B	800	10:43:23	17.11	17.14		JPTC	R	S	332	17.14	10:49:14	10:49:14	17.12	17.15		AHJ6664	\$17.00
6b	1/6/2004	VRSN	B	800	10:43:23	17.11	17.14		JPTC	R	S	148	17.14	10:49:13	10:49:14	17.12	17.15		AHJ6664	\$0.00
6c	1/6/2004	VRSN	B	800	10:43:23	17.11	17.14		JPTC	R	S	100	17.15	10:49:17	10:49:17	17.12	17.15		AHJ6664	\$0.00
7	1/6/2004	ABOS	S	800	9:42:33	17.65	17.67		JPTC	R	B	800	17.48	9:47:22	9:47:22	17.48	17.5		AHJ7653	\$16.00
8	1/6/2004	NTOP	S	1000	10:02:03	7.94	8		JPTC	P	B	900	7.93	10:06:24	10:06:24	7.93	7.98		AHJ9258	\$10.00
9	1/6/2004	ONNN	B	295	9:08:10	6.95	7		JPTC	R	S	295	7.18	9:33:23	9:33:22	7.13	7.19		AHJ5861	\$5.90
10	1/6/2004	ONNN	B	700	9:48:12	6.91	6.97		JPTC	P	S	700	7	9:50:58	9:50:58	6.97	7		AHJ8132	\$28.00
11a	1/6/2004	ORCL	S	900	10:14:10	13.87	13.88		JPTC	R	B	100	13.86	10:18:51	10:18:51	13.86	13.87		AHJ0245	\$18.00
11b	1/6/2004	ORCL	S	900	10:14:10	13.87	13.88		JPTC	R	B	100	13.86	10:18:51	10:18:51	13.86	13.87		AHJ0245	\$0.00
11c	1/6/2004	ORCL	S	900	10:14:10	13.87	13.88		JPTC	R	B	700	13.86	10:18:51	10:18:51	13.86	13.87		AHJ0245	\$0.00
12a	1/6/2004	ORCL	S	875	10:14:36	13.87	13.88		JPTC	R	B	300	13.86	10:18:51	10:18:51	13.86	13.87		AHJ0307	\$17.50
12b	1/6/2004	ORCL	S	875	10:14:36	13.87	13.88		JPTC	R	B	575	13.86	10:18:51	10:18:51	13.86	13.87		AHJ0307	\$0.00
13	1/13/2004	NWRE	B	1000	13:05:01	10.99	11		JPTC	P	S	1000	11	15:07:17	15:07:17	10.99	11		AHJ5230	\$0.00
14	1/13/2004	ONNN	S	1000	9:31:17	7.56	7.63		JPTC	P	B	1000	7.51	9:38:41	9:38:41	7.51	7.53		AHJ1441	\$36.00
15	1/13/2004	TXCC	B	295	9:15:58	3.13	3.17		JPTC	P	S	295	3.18	9:33:16	9:33:16	3.17	3.18		AHJ1117	\$5.90
16	1/14/2004	EXTR	S	650	12:18:52	8.99	8.96		JPTC	P	B	650	8.95	15:21:01	15:21:01	8.94	8.96		AHJ1268	\$0.00
17	1/15/2004	LVL	S	1000	9:16:05	4.7	6.73		JPTC	P	B	1000	6.7	9:32:48	9:32:48	6.7	6.72		AHJ2359	\$48.00
18	1/15/2004	MEDX	S	500	9:26:55	8.11	8.16		JPTC	P	B	500	8.09	9:32:40	9:32:40	8.07	8.1		AHJ2651	\$0.00
19	1/15/2004	SRI	S	420	9:11:13	3.21	3.22		JPTC	P	B	420	3.21	9:32:53	9:32:53	3.21	3.22		AHJ2621	\$4.30
20	1/16/2004	LOU	B	1000	11:53:22	2.27	2.28		JPTC	P	S	1000	2.28	11:56:39	11:56:39	2.27	2.28		AJC9150	\$0.00
21	1/16/2004	SRI	B	1000	9:24:28	3.11	3.15		JPTC	P	S	1000	3.18	9:36:30	9:36:29	3.17	3.18		AJB9224	\$30.00
22	1/30/2004	IDXX	S	350	9:44:43	5.51	5.55		JPTC	P	B	350	5.5	9:49:28	9:49:29	5.5	5.53		AJB1178	\$3.30
23	1/30/2004	JDSU	B	1000	12:08:57	5.62	5.63		JPTC	P	S	1000	5.65	12:11:13	12:11:13	5.64	5.65		AJP8257	\$20.00
24	1/30/2004	VXON	B	900	9:05:40	9.45	9.6		JPTC	P	S	900	9.6	9:33:16	9:33:16	9.57	9.6		AJB2256	\$9.00
25	1/31/2004	ADAT	S	700	9:32:36	18.25	18.26		JPTC	P	B	700	18.18	9:34:40	9:34:40	18.18	18.3		MMB3002	\$49.00
26	1/21/2004	CORV	S	350	8:43:22	3.01	3.02		JPTC	P	B	350	2.99	9:35:11	9:35:11	2.99	3		VQS3004	\$14.00
27	1/21/2004	ONNN	S	600	9:33:41	8.05	8.08		JPTC	P	B	600	7.95	9:38:21	9:38:21	7.95	7.99		VQZ3001	\$30.00
28a	1/21/2004	PHCC	S	500	8:43:11	26.1	26.2		JPTC	P	B	500	26.09	9:34:57	9:34:57	26.04	26.12		TNX3004	\$3.00
28b	1/21/2004	PHCC	S	500	8:43:11	26.1	26.2		JPTC	P	B	200	26.09	9:36:23	9:36:23	26.04	26.12		TNX3004	\$2.00
29	1/21/2004	RPM	B	680	9:23:09	10.26	10.3		JPTC	R	S	680	10.33	9:32:23	9:32:21	10.33	10.34		MMB3001	\$0.00
30	1/21/2004	SRI	B	500	9:17:11	2.95	2.96		JPTC	P	B	500	2.97	9:34:00	9:34:00	2.96	2.97		NWL3001	\$5.00
31	1/21/2004	TXCC	S	252	9:13:08	2.3	3.32		JPTC	P	B	252	3.28	9:32:31	9:32:31	3.27	3.29		IAB3001	\$3.04
32	1/22/2004	CTXS	S	650	9:31:36	24	24.05		JPTC	P	B	650	23.31	9:38:53	9:38:53	23.3	23.36		NQE4001	\$0.00
33	1/22/2004	NVAX	B	800	13:50:14	6.22	6.27		JPTC	P	S	800	6.27	13:53:33	13:53:33	6.22	6.27		MMB4027	\$0.00
34	1/22/2004	TXCC	B	525	11:44:25	3.09	3.1		JPTC	P	S	525	3.1	11:47:37	11:47:38	3.09	3.1		VQZ4010	\$0.00
35a	2/9/2004	MACR	S	1000	9:14:52	19.58	19.61		JPTC	R	B	400	19.575	9:32:04	9:32:04	19.57	19.62		TNO1002	\$0.00
35b	2/9/2004	MACR	S	1000	9:14:52	19.58	19.61		JPTC	R	B	100	19.575	9:32:05	9:32:05	19.56	19.62		TNO1002	\$0.00
35c	2/9/2004	MACR	S	1000	9:14:52	19.58	19.61		JPTC	R	B	900	19.575	9:32:05	9:32:05	19.56	19.62		TNO1002	\$0.00
36	3/2/2004	GNST	B	800	10:11:23	8.2	8.21		JPTC	R	S	800	8.22	10:13:32	10:13:32	8.21	8.22		NWB2012	\$0.00
37	3/2/2004	HDTV	B	1000	11:38:01	4.5	4.53		JPTC	R	S	1000	4.53	11:40:29	11:40:29	4.5	4.53		LYD2001	\$0.00
38	3/9/2004	SUNW	S	270	13:21:28	4.55	4.56		JPTC	P	B	270	4.55	15:24:54	15:24:54	4.55	4.56		IAX2001	\$0.00
39a	3/10/2004	LCCI	S	1000	9:28:05	6.17	6.2		JPTC	R	B	300	6.14	9:32:13	9:32:13	6.14	6.21		MMB3002	\$64.00
39b	3/10/2004	LCCI	S	1000	9:28:05	6.17	6.2		JPTC	R	B	100	6.13	9:32:13	9:32:16	6.13	6.21		MMB3002	\$0.00
39c	3/10/2004	LCCI	S	1000	9:28:05	6.17	6.2		JPTC	R	B	500	6.11	9:32:13	9:32:23	6.1	6.21		MMB3002	\$0.00
40	3/22/2004	PHCC	S	925	9:15:30	21.4	21.41		JPTC	P	B	925	21.34	9:32:10	9:32:10	21.34	21.35		TNZ1002	\$12.00
41	3/22/2004	PHCC	S	775	9:14:03	21.4	21.41		JPTC	P	B	775	21.34	9:32:11	9:32:11	21.34	21.35		TNZ1001	\$12.00
42	3/23/2004	BOHT	S	300	9:13:12	2.91	2.99		JPTC	P	B	300	2.91	9:32:54	9:32:54	2.9	2.94		LYX2002	\$0.00
43	3/23/2004	GNSS	B	250	9:14:14	14.41	14.55		JPTC	P	S	250	14.55	9:32:30	9:32:30	14.46	14.55		TNZ2003	\$25.00
44	3/23/2004	GNSS	B	450	9:13:20	14.41	14.55		JPTC	P	S	450	14.53	9:32:34	9:32:34	14.48	14.55		TNZ2002	\$45.00
																			Total Restitution	\$655.04

EXHIBIT B

STATEMENT OF CORRECTIVE ACTION MRD 20050000700 (FORMERLY 200446009)

We are submitting this Statement of Corrective Action on behalf of our client J.P. Turner & Company, LLC ("JPTC" or "Firm") in response to the proposed Letter of Acceptance, Waiver and Consent ("Proposed AWC") for the above referenced matter. JPTC has taken the following action in an effort to correct the circumstances underlying the violations identified in the Proposed AWC. These changes include sending all pre-open orders under 1,000 shares to the NASDAQ Opening Cross Facility, monitoring execution timeliness and an increased awareness of execution quality. This Corrective Action Statement does not constitute factual or legal findings by the NASD, nor does it reflect the views of the NASD or its staff.

NASDAQ OPENING CROSS

Over 50% of the orders identified in the Proposed AWC as having violated NASD rules 2310 and 2110 were pre-open orders. The market opening is a volatile period which places significant pressure on traders, communications, and order handling systems. This volatility has historically been exacerbated by the fact that JPTC's BRASS order handling system did not automatically execute orders which were received before 9:30 am. Rather, these orders were manually executed by JPTC's trading desk. However, since April of 2005, JPTC has been automatically routing all pre-open orders that are less than 1000 shares to the Nasdaq Opening Cross Facility. All JPTC orders sent to the Nasdaq Opening Cross Facility receive the same opening price that is reflective of supply and demand at the Nasdaq market open thereby practically eliminating any potential price disparity. JPTC also monitors the opening cross executions to identify any errors.

EXCEPTION REPORTING

JPTC has created an exception report to monitor execution timeliness. This exception report is created on a T+1 basis and identifies market orders which have taken longer than thirty seconds to execute. Any order identified by the exception report is investigated and adjusted accordingly. Since March of this year, JPTC has only had to adjust six trades.

HEIGHTENED AWARENESS

In addition to the exception reporting, traders have been monitoring executions on an intra-day basis and have generally become more aware of the potential for untimely executions. If necessary, adjustments are made to customer trades on the same trade date. The success of this monitoring is evidenced by the low number of exceptions noted on the T+1 report mentioned above.